From the Office of
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For Release: WEDNESDAY PMs
November 17, 1965

EXCERPTS FROM A STATEMENT BY SENATOR EUGENE J. McCARTHY
ON THE UNITED STATES AND THE DOMINICAN REPUBLIC.

In Latin America, and throughout much of the rest of the world, the effect of our intervention in the Dominican Republic has been far-reaching. Because our intervention was contrary to the U.S. position, as it was generally understood and accepted in Latin America, our willingness to honor our treaty obligations is questioned. The sincerity of our commitment to the Alliance for Progress is questioned. Most important, the ability of our free society effectively to foster social and economic change is questioned.

The proximity of the Caribbean, the history of our interventions, and simple justice, as well as the threat of communist subversion, favor our developing a special relationship with the Caribbean countries.

If we insist on the over-riding importance of the security relationship with the Caribbean, we cannot ignore the obligation to work to develop the political, social and economic structure of the area. The United States did not make the tragedy of the Dominican Republic. In large measure, the ruthlessness and neglect of the ruling oligarchy is responsible. But we contributed to it, at least by indifference, and simple justice now demands we work for a solution.

Three requirements appear paramount:

First: disruptive elements in Dominican society must be neutralized. Lawless rebel elements must be disarmed. The army must be controlled and turned into a productive force, so that it will cease to be a threat to democratic processes. One solution might be to incorporate the army into the Inter-American Force, fragmenting its power, removing it from its present command, and easing the financial burden on the Dominican government.

Second: a political structure must be built up in a country where there is little respect for orderly constitutional processes.

Third: a more rational economic structure must be developed. Consideration should be given to breaking up the nationalized former Trujillo holdings in the interest of efficiency.

The United States, to help bring about a more rational economic order and thus lay the foundation for the building of a democratic society, should undertake the following:

1) Grant increased access to our markets to Dominican products. The most important of these is sugar which made up 56 per cent of all exports in 1963.

2) Increased access to our markets should be accompanied by reduction or elimination of tariff barriers.

3) We should consider participating in a massive broad-based economic development project if the Dominican government were willing to offer concessions to attract new investment. Such a project might appropriately be under multilateral auspices.

The policy we follow now in the Dominican Republic will demonstrate what we expect to do, not only in Latin America, but throughout the underdeveloped world.

(Text of the statement attached.)

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STATEMENT OF SENATOR EUGENE J. McCARTHY (DFL-Minn.)
ON THE UNITED STATES AND THE DOMINICAN REPUBLIC

The United States intervention in the Dominican Republic has raised many issues. It has called into question some of the basic precepts of United States foreign policy. Because our intervention was contrary to the U.S. position, as it was generally understood and accepted in Latin America, our willingness to honor our treaty obligations is questioned. Throughout Latin America, the sincerity of our commitment to the Alliance for Progress is questioned. And most important, the entire developing two-thirds of the world is questioning the ability of a free society effectively to foster social and economic change in response to the revolutionary forces at work in the world and in competition with socialism. Failure to answer these questions--failure to salvage at least some good from the Dominican situation--would have wide repercussions for our policy throughout the developing world.

Within the United States, criticism of our Dominican policy has been restricted to a minority of citizens inside the government and out. But throughout the rest of the world, and particularly throughout Latin America, the effect of the intervention has been far-reaching.

Whatever may be history's ultimate judgment as to the wisdom and necessity of the intervention--and I believe there are still many areas where the facts are not clear--examination of our policy can be profitable if it gives us some guidance for the future.

The United States has been intimately involved in the Caribbean throughout much of our history. President Grant tried to annex Santo Domingo in 1869. And during the early years of the twentieth century, the United States built up a structure of imperialism and paternalism in the Caribbean with the Cuban protectorate and the negotiation of the treaties to permit the building of the Panama Canal.

In 1916, President Woodrow Wilson resorted to the use of troops in the Dominican Republic, in an armed intervention that lasted until

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1924. The protectorate arrangement that had been instituted in 1907 lasted, with modifications, until 1941.

It has been charged that our Caribbean policy in those years was motivated by economic considerations, by our desire to protect U.S. investments. But the countries in which we intervened--Panama, the Dominican Republic, Haiti, Nicaragua--had comparatively little U.S. capital. Our policy was based then, as it appears to be today, primarily on considerations of security.

The Caribbean and Central American interventions are at the root of the skepticism Latin Americans still feel toward the "Colossus of the North." The fear today is more of economic strangulation, except insofar as the Dominican intervention has again raised the spectre of the United States as a political threat.

Until the present crisis, we were able, I think, to quiet those fears in large measure. We entered into the Inter-American Treaty of Reciprocal Assistance (the Rio Treaty) in 1947 and in 1948 signed the Charter of the Organization of American States by which we made a solemn pledge, in Article 15, not "to intervene, directly or indirectly, for any reason whatever, in the internal or external affairs of any other State."

The high watermark of our relations with Latin America was the inauguration of the Alliance for Progress, under which the American republics, with extensive aid from the United States, agreed to work together for the social and economic development of the region, and by which they promised to carry out a series of reforms, particularly in the fields of agriculture, tax, and fiscal administration.

President Johnson said:

> It cannot be long before it will be necessary for this Government to lend some effective aid to the solution of the political and social problems which are continually kept before the world by the two Republics on the island of Santo Domingo, and which are now disclosing themselves more distinctly than heretofore in the island of Cuba.

President Andrew Johnson said that, on December 9, 1868. Nearly a century later, we find ourselves in a remarkably similar situation. The origin of the foreign threat has moved to the East and the magnitude and complexity of the problem has been enormously compounded by the

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missile age, but we are still searching for the solution to the problem of our relations with the countries that lie off our southern shores.

There is, of course, another factor governing our special interest in the Caribbean. Reasonable men may--and do--differ over what may have been the degree of communist influence during the early days of the Dominican revolution last April.

Similarly, reasonable men, in the United States and in Latin America, differ over the degree to which communist subversion threatens the nations of the hemisphere. Some observers suggest that communism has little appeal for Latin Americans and that such factors as the emergence of a highly nationalistic middle class and of the Christian Democratic movement work against the possibility of dominant communist influence. (It should be noted, however, that these two elements, the middle class and the Christian Democratic movement, are not strong at present in the Dominican Republic.)

Given its history of turmoil, it is not surprising that the social and political structure of the Dominican Republic has been slow to develop. Thirty years of dictatorship under Trujillo left a heavy burden that will not be overcome in a few years. There is no tradition of democracy and freedom. There is no political structure. And when government has no respect for law, for property, for political and individual rights--as was the case under Trujillo--its people may come to reflect its ways. So it is today in the Dominican Republic that there is little respect for law, for property, for orderly constitutional processes, for political and individual rights. These values can be developed, but this will take time.

The United States did not make the tragedy of the Dominican Republic. In large measure, the ruthlessness and neglect of the ruling oligarchy over the years is responsible. But we contributed to it, at least by indifference, and simple justice demands that we help them develop their political and social structure to a point where the nation can function effectively. Insofar as we are able to do this, we will have reduced the threat of communist subversion. But we would be obligated to do it even without a communist threat.

In the early days of the Dominican revolution, the choices open to the United States were already very limited. We need to work

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now to widen the range of choice, to determine what we want to achieve, and we must be willing to take what action is necessary to achieve it.

It is not clear how much time we have left in the Dominican Republic. If we have any influence left in controlling the situation, we need to begin now to make difficult decisions.

History, proximity, justice--all favor our developing a special relationship with the Caribbean countries and particularly with the Dominican Republic. If we insist on the security relationship, we cannot ignore the obligation to work to develop the political, social and economic structure of these countries. Efforts in this direction promise an added dividend. We would be addressing ourselves to the basic causes of political and social instability upon which communist subversion feeds. And it is surely more in keeping with our traditional foreign policy objectives to practice preventive medicine than to apply radical surgery when the disease threatens to get out of control.

The political, social and economic problems of the Dominican Republic are many and varied. We cannot erase the effects of the intervention, but we can try at least to use whatever influence we still retain to work toward reconstruction of the country.

Three requirements appear paramount:

First: the disruptive elements in Dominican society must be neutralized;

Second: political leadership must be built up; and

Third: a more rational economic order must be built and a fundamental readjustment in United States economic relations with the Dominican Republic must be brought about. Such adjustments should work to enable the Dominican Republic to overcome the economic stagnation that grips the country; to help them overcome inefficiency in the operation of their industry and agriculture; and encourage vitally needed investment in the interest of long-run diversification of the economy.

Uncontrolled rebel elements are still armed and are committing acts of terror. They must be disarmed, but the provisional government has been unable to do so because it cannot trust the army to do the job. Along with these rebel elements, the army is a disruptive factor in Dominican political life today. It is inordinately large for a country of its size. Official estimates put it at 12,000 men, with the police

totaling another 10,000. Unofficial estimates go as high as 40,000. The army today threatens the provisional government of Hector Garcia-Godoy. If it continues to operate as in the past, it seems unlikely that any freely elected government could survive without the support of the military.

Generalizations about Latin America are always dangerous, and always resented by the Latin Americans. But it is true that the military, for historical reasons, has traditionally been a powerful force in Latin American political life. In some Latin American countries, other elements of the society have developed sufficiently to provide a counter-weight. This is not yet the case in the Dominican Republic.

In the long run, military elements may be so fundamental a feature of Latin American life, so closely woven into the social fabric, that it is impossible to expect real separation of the military from politics. Such a separation may not be necessary if the army can be turned into a useful force. But the exigencies of the situation in the Dominican Republic today require, at least as an interim measure, the sealing off of certain military elements to permit a civilian government to establish its authority.

Both the Bosch and the Reid Cabral governments made some attempts to curb the power of the army; indeed, there is evidence that this was one of the factors that sparked the revolt. Attempts by the provisional government to move in the same direction are meeting resistance.

One solution might be to incorporate some of the units of the Dominican Army into the Inter-American Force. This would fragment their power, remove them from their present command and place them under the OAS. It would also help ease the financial burden on the Dominican government. In this manner, the Dominican military could be used to contain any threat from lawless elements but would be checked in any attempt to move against the civilian government.

In addition to neutralizing the army as a political force, a way must be found to turn it into a productive factor in the economy. Other Latin American countries have achieved some noteworthy success in this area. Peru, for example, has an important civic action program

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where army engineering corps have been undertaking major public works projects. Also, the last three months of the recruit's training is given over to literacy instruction and vocational education. A similar program, on a large scale, in the Dominican Republic would have many advantages, not the least of which would be an improvement in the versatility of the labor force as soldiers learn useful civilian trades.

If the army can be neutralized and made productive, it will no longer be the menace to democratic processes that it is today.

Nor can a political structure be developed overnight. Some seventy per cent of the Dominican population is rural; there is no strong middle class; the illiteracy rate is over fifty per cent. A strong civic action program reaching out to the countryside would contribute to the process of political maturation, giving the people a sense of partaking in the future of the country.

There is a third area of vital need in the Dominican Republic today. Unless some progress can be made--and quickly--toward developing a more rational economic structure, it is unlikely that free institutions will be able to survive, and we will be faced again with a choice between military dictatorship and a communist threat.

The Dominican Republic shares a major economic problem with most of Latin America, an inability to earn sufficient foreign exchange to finance development. It is a rich country of considerable potential. But generations of neglect by the ruling oligarchy left it stagnant. It is dependent for foreign exchange receipts largely on one commodity, sugar, which made up 56 per cent of all exports in 1963. Its economy is dominated by sugar, almost all of which--more than 80 per cent of the annual production of approximately one million tons--is exported. While diversification of agriculture is desirable, even an active effort in this direction cannot make its impact felt for several years.

If the United States were willing to permit a significant increase in the amount of Dominican sugar coming into this country, a substantial rise in Dominican export earnings could be expected. Unless we are willing to do something about sugar, little else that we can do in the immediate future in the Dominican Republic makes economic sense.

I regret that the Congress has not seen fit to come to grips with this problem during the session just concluded. The Congress and

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the Administration have again failed to recognize the vital need of developing countries for foreign exchange derived from the sale of primary commodities. Congress has this year allocated a quota of about 433,000 tons of sugar to countries outside the Western Hemisphere. Some of these countries are not trade deficit nations. Some of them are developing countries that already enjoy special trade arrangements with their former mother-countries.

Congress has allocated a quota of only about 341,000 tons of sugar for the Dominican Republic for each of the next five years. In my judgment, this is most inadequate. I see no reason why we should not give the Dominican Republic a quota of 800,000 tons, the equivalent of its entire sugar export.

In addition to the need for a market, the Dominican sugar industry, of which the government-controlled Sugar Corporation accounts for 60 per cent of production, is plagued with inefficiency and high production costs. I believe important improvements can be made through the application of more advanced agricultural and refinery techniques and transfer of the industry to non-governmental management and ownership.

Similar action is needed in the rest of Dominican industry. After the overthrow of Trujillo, the Dominican government nationalized the vast interests held by the Trujillo family and its associates. They had owned some 35 per cent of all the arable land in the country, over 60 per cent of the sugar production, a large portion of the remaining exportable agricultural production and 87 industrial and commercial enterprises, some of which were partially owned by the state. The former Trujillo-owned industries, except the sugar industry, are currently owned and managed by the government-controlled Industrial Development Corporation. The IDC owns over one-sixth, or $20 million worth, of the total industrial investment in the country, excluding the sugar industry. (Total industrial investment is estimated at $280 million, of which the former Trujillo holdings appear to amount to some 40 per cent.) Taking into account commercial and agricultural property, it is estimated that about one-half of the Dominican economy is state-owned, most of it as a result of nationalization of the Trujillo interests. The public agencies holding title to the former

Trujillo interests may administer them in the public interest, or they may be permitted to sell them to private owners. Attempts by the Reid Cabral government to break up these interests by sale to private owners who might operate them more efficiently met with severe resistance. It is to be hoped that the Dominican government will continue along this line in the interest of improving efficiency and attracting desperately needed capital.

There are many ways by which this transfer might be achieved, though no ideal pattern has been suggested. One suggestion is that the nationalized Trujillo interests--which amount to $500-600 million--could be turned over to a private corporation, or to several private corporations, for example, a communications company, a financial company, an industrial company, etc. Then shares could be issued and distributed to the people. Such a plan would have many advantages. First, it would return to the people what had been taken from them; second, it would give the people a sense of sharing in the future development of the country; third, the state holdings would be broken up, and, as private industries run for the profit of the shareholders, could be operated more efficiently and responsibly; fourth, these companies would be taxable; fifth, they would be able to borrow against their assets, thus giving an important boost to the economy.

As far as United States assistance is concerned, the Alliance for Progress has helped. But we need to ask: Is it enough? What more is needed? I would suggest the following as a basis for U.S. policy:

1) Increased access to our markets, as proposed above. An example of the kind of stimulus such arrangements can provide is the presently proposed concessions for the Phillips petro-chemical project in Puerto Rico. (Puerto Rico, as part of the United States, is within our tariff walls.) To encourage heavy investment and to counter rising unemployment in Puerto Rico, we are proposing to permit an oil import concession to a private company that will in turn give substantial investment guarantees to the government of Puerto Rico. We should be willing to undertake similar arrangements in the Dominican Republic.

2) Such concessions should be accompanied by reduction or elimination of tariff barriers. We have recently concluded with the

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Canadian government a tariff-reduction agreement involving automotive products which is expected to benefit the industry on both sides of the border. This special arrangement was justified by the Administration on the basis of our special relationship with Canada. I would suggest that our relationship with the Dominican Republic is no less extraordinary, particularly in the light of recent history. The Canadian automotive products agreement provides for special measures under the Trade Expansion Act to compensate for any temporary dislocations resulting from these concessions. Similar measures could be applied should the Dominican Republic be granted special tariff concessions.

3) We might consider undertaking a massive, broad-based economic development program in the Dominican Republic. I am not suggesting we pay out in foreign aid the one billion dollar indemnity former President Juan Bosch has demanded. But if the Dominican government were willing to offer concessions to attract investment, and the United States were willing to open its markets and lower tariff barriers, the economic outlook in the Dominican Republic would brighten. With a substantial increase in our investment, it might be possible to turn that unhappy island into a showcase of development. If possible, such a development project should be handled under multilateral auspices, perhaps under the Inter-American Development Bank.

The response this country makes to the problems of the Dominican Republic today will demonstrate what we intend to do in the future in Latin America and throughout the developing two-thirds of the world.

The United States stands today, as it has always stood, and as I am confident it will always stand, as a moral force in world affairs. No aspect of our policy, no temporary aberration, however justified in terms of the national interest, can ignore the fact that, to the majority of the peoples of the world, the United States stands for

1) the development, in freedom, of the fullest potential of the human individual; and

2) the belief that a free society and government based on the consent of the governed offers the best hope of achieving that goal.

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